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The meeting was called to order at 3.45 p.m.

FIFTH SESSION OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT: OBJECTIVES, PROVISIONAL AGENDA, PREPARATORY WORK AND ORGANIZATION (agenda item 4) (TD/B/L.507 and Add.1) (continued)

1. Mr. QUIAZON (Philippines) said that his delegation largely shared the views expressed by the Secretary-General of UNCTAD concerning the objectives of the fifth session of the Conference (UNCTAD V), which would have a threefold task: to evaluate, consolidate and build. UNCTAD V should in fact be an occasion to review the results achieved, to build on them and to initiate changes in response to emerging concerns and developments in the global economy. The draft provisional agenda (TD/B/L.507) adequately reflected those concepts. It should be selective and should concentrate on well-defined issues, since UNCTAD had already demonstrated its capabilities as a centre for harmonizing the policies of Governments and regional groups.

2. His delegation was pleased that the Integrated Programme for Commodities had found a prominent place on the agenda, for the restructuring of international commodity trade was a major element in the establishment of the new international economic order. The centre-piece of the Programme was the establishment of the Common Fund, on which agreement should be rapidly reached. The necessary political will appeared to have been shown at recent meetings, at which the importance attached to the Integrated Programme by the Group of 77 had also been recognized. The Philippine Government reiterated its pledge to the common fund and was gratified that other countries, developing as well as developed, had made similar pledges.

3. Another vital question rightly included in the agenda of UNCTAD V was that of rising protectionist pressures. The dynamic transformation of the economies of the developing countries, which was geared to industrialization, called for a sustained expansion of markets in the developed countries, an expansion currently rendered impossible by the protectionist trends that were emerging in those countries. As the World Bank stated in its latest report, those trends were of profound concern, and his delegation hoped that global action to combat them would consolidate the gains achieved by increasing economic co-operation.

4. The emphasis in the provisional agenda on interrelationship of problems in the areas of trade, money and finance and related problems of development clearly showed a significant evolution in the role of UNCTAD from concerns relating to trade policies for development towards consideration of arrangements or measures to promote longer-term structural changes in the world economy.

5. His delegation fully shared the views of the Secretary-General of UNCTAD on the vital role of economic co-operation among developing countries and on the principle of self-reliance in the new international economic order. The developing countries were continually seeking to renew and consolidate their system of co-operation and they required the support of their developed partners for that purpose. The Association of South-East Asian Nations (ASEAN) provided a telling

example of co-operation among developing countries. Its members were carrying out co-operative programmes in many fields (trade, industry, agriculture, forestry, finance, transport, etc.) and were ready to share their experience with other countries. His delegation would like UNCTAD to place greater emphasis on economic co-operation among developing countries, and hoped for much from UNCTAD V in that connexion.

6. The problems of the least developed countries were of such critical proportions that they should be included as a separate item in the agenda for the fifth session.

7. The Philippine Government was particularly happy to act as host to the forthcoming Conference since it was aware of the historic significance of the occasion. By its invitation, it had hoped once again to show its deep commitment to UNCTAD as the main forum for the discussion, solution and negotiation of problems affecting the developing countries. In collaboration with the UNCTAD secretariat, his Government would make all the necessary practical arrangements to contribute to the success of the Conference. But all participants would also have to show the political will to attain the objectives laid down and to promote the establishment of the new international economic order, which had been defined by the President of the Philippines at the Ministerial Meeting of the Group of 77 (Manila, 1976) as a tranquil and orderly world in which the wealth and the power it conferred would not indefinitely be concentrated in the hands of a few but should be shared progressively among all.

OTHER PARTICULAR MATTERS IN THE FIELD OF TRADE AND DEVELOPMENT (agenda item 6) (continued)

(c) PROGRESS IN THE IMPLEMENTATION OF:

(i) SPECIAL MEASURES IN FAVOUR OF THE LEAST DEVELOPED AMONG THE DEVELOPING COUNTRIES (TD/B/601 and Add.1, TD/B/719; E/1978/66, parts I and II)

8. Mr. AHSAN (Bangladesh), speaking on behalf of the Group of 77, said that there had been increasing recognition that general policy measures were not sufficient to overcome the structural difficulties facing the least developed countries. A variety of special measures in favour of those countries had been adopted by the General Assembly, the Economic and Social Council, other United Nations organs and the specialized agencies, but they had been ineffective and the situation of those countries had not improved. Their per capita GDP had grown more slowly in the 1970s than in the previous decade, and in many of them it had declined between 1970 and 1977. The average growth rate of 0.6 per cent contrasted with a rate of 2.7 per cent for the developing countries as a whole during the same period, but the latter figure itself was below the 3.5 per cent called for in the International Development Strategy. Other economic indicators confirmed that the economic situation of the least developed countries during the Second Development Decade had been extremely disappointing. The minor improvement in the flow of concessional financial assistance had been completely offset by lower export receipts. In fact, the total foreign exchange availabilities of those countries in real

per capita terms had remained unchanged since the mid-1960s. The developed countries and the international organizations should therefore take radical action in the form of a crash programme to overcome the deep-rooted structural problems facing the least developed countries.

9. Despite the decisions taken by the international community in various forums and in particular at UNCTAD IV, the level of assistance to these countries had declined in 1976 and probably levelled off in 1977, a trend which, if it were to continue, would have a very serious impact on their growth prospects. Indeed, had the countries of the Development Aid Committee (DAC) of the Organization for Economic Co-operation and Development (OECD) achieved the 0.7 per cent target in 1976, official development assistance to the least developed countries would have attained a level of about $5 billion, plus a further $1 billion had the socialist countries of eastern Europe also reached their target; in point of fact, however, only $2.2 billion had been contributed. Moreover, if the developed countries were to provide concessional assistance representing a share of their GNP as large as that provided by the members of the Organization of Petroleum Exporting Countries, the flow of assistance would exceed $14 billion.

10. The Meeting of Multilateral and Bilateral Financial and Technical Assistance Institutions with Representatives of the Least Developed Countries had in October 1977 recommended that donors, in co-operation with the least developed countries, should actively seek ways to increase the flow of development assistance to these countries effectively and substantially, and the Intergovernmental Group on the Least Developed Countries had, in July 1978, noted that concern and the target of doubling the flow of assistance by 1980.

11. The arguments by the representatives of donor institutions that the flow of assistance to the least developed countries could not be expanded because of the lack of absorptive capacity were not convincing. The assistance programmes in those countries should in fact help expand their capacity to utilize aid, and donor institutions should provide more flexible types of financing, improve aid administration and give greater attention to promising development opportunities. The Intergovernmental Meeting had made other major recommendations to promote the progress of the least developed countries, such as assistance on a 100 per cent grant basis, total untying of aid, the adoption of assistance criteria which took the special needs fully into account, financing of local and recurring costs, and provision for offsetting the effects of inflation on the total costs of projects and programmes.

12. There was an urgent need to reverse the declining economic trend in the least developed countries by adopting, as the Intergovernmental Group had recommended, a substantial new programme of action for the 1980s at UNCTAD V. The Group of 77 therefore requested the Board to call upon the developed countries and the multilateral and bilateral financing institutions to implement the decisions and recommendations of the Intergovernmental Group and of the donor and recipient meeting immediately.

13. The Intergovernmental Group had requested the Secretary-General of UNCTAD to prepare a document outlining the proposed programme of action and to carry out a number of basic studies. It had also recommended that the Board should ask the Secretary-General of UNCTAD to convene a high-level expert group to consider the results of those studies and to make recommendations. The Group of 77 strongly believed that the above efforts were absolutely necessary to reverse the current trend and to speed up the rate of growth in the least developed countries.

14. The attitude of the developed countries in the multilateral trade negotiations had hardly been positive, despite the commitments made by the international community in paragraph 6 of the Tokyo Declaration in favour of the least developed countries. The Board should call upon the developed countries participating in those negotiations to give effect to the provision of that paragraph and to remove all tariffs and non-tariff barriers on imports from the least developed countries, in accordance with paragraph 16 of UNCTAD resolution 98 (IV).

15. The Board should also endorse the recommendations adopted by the Intergovernmental Group on the Least Developed Countries (resolution 4 (II)), and request the Secretary-General of UNCTAD to convene a new donor-recipient meeting after UNCTAD V and a new meeting of the Intergovernmental Group within three years with the terms of reference set forth in Board resolution 119 (XIV). The Group of 77 asked that immediate action should be taken on those recommendations.

16. Mr. SEMICHASTNY (Union of Soviet Socialist Republics) said that relations between the Soviet Union and the least developed countries had evolved in accordance with UNCTAD recommendations and decisions, to the extent, of course, to which the latter took the essential features of the socialist economic system into account.

17. In their Joint Statement at UNCTAD IV (TD/211), the socialist countries had described the most important measures they were applying in their relations with the least developed among the developing countries. Like the other socialist countries, the Soviet Union had established friendly relations and genuine co-operation with those countries, had concluded long-term trade and economic agreements and had set up well-structured consultation and negotiation machinery to deal with current problems.

18. In 1977, the total volume of the Soviet Union's trade with the least developed countries had been 2.4 times the 1970 total. His country had already concluded technological and scientific co-operation agreements with 20 African and Asian countries belonging to that category. USSR aid was intended to develop their national economies as a means of strengthening their economic independence.

19. In Afghanistan, for example, USSR assistance had resulted in the construction of 110 enterprises and plants whose productions in 1977 had accounted for 56 per cent of the total output in the State sector and for about 31 per cent of the country's entire industrial output. In Africa, the complex built at Kindia (Guinea) with Soviet aid had produced more than one-half the output of the State sector in 1977

and 12 per cent of the country's total industrial production. Ethiopia, Mali, Nepal, Uganda, the United Republic of Tanzania and other countries were also receiving Soviet assistance in the industrial field.

20. A distinctive feature of industrial collaboration between the Soviet Union and the least developed countries was that the Soviet side did not share in the property, management or profits of the industrial enterprises which it had helped set up. The Soviet Union imported part of the output of the enterprises established, where that was mutually advantageous, and thus helped diversify the exports of the least developed countries in question.

21. The Soviet Union assisted those countries in the exploitation of their natural resources, the development of their agriculture and fisheries, the training of national personnel and the establishment of a national health service.

22. The reservations made and explanations given by the Soviet Union when the recommendations of the Meeting of Multilateral and Bilateral Financial and Technical Assistance Institutions with Representatives of the Least Developed Countries (TD/B/681, para. 75) and of the Intergovernmental Group on the Least Developed Countries (TD/B/719, para. 150) were adopted, remained applicable.

23. Mr. CHAUDHURI (Bangladesh) suggested that the UNCTAD secretariat should comprise a separate division dealing with the question of the least developed among the developing countries, because their particular needs required special action by the international community, and UNCTAD, as the focal point for such a programme of action, should be adequately equipped to undertake and implement such measures.

24. The Intergovernmental Group on the Least Developed Countries had recommended the preparation of a new programme of action for the 1980s for those countries. The implementation of its decisions and recommendations called for concentrated and sustained work within UNCTAD's organizational machinery.

25. He supported the proposal that the question of the least developed among the developing countries should be included as a separate item in the agenda for UNCTAD V.

INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS (agenda item 7) (continued):

(c) REVISION OF THE RULES OF PROCEDURE OF THE BOARD AND ITS MAIN COMMITTEES (TD/B/706)

26. The PRESIDENT drew attention to the draft single set of rules of procedure applicable to all the main Committees of the Board prepared by the UNCTAD secretariat on the basis of the revised rules of procedure of the Trade and Development Board (TD/B/706). In the absence of any objection, he would take it that the Board adopted those draft rules of procedure.

27. It was so decided.

28. The PRESIDENT, referring to rule 1 of the rules of procedure of the main Committees that the Board had just adopted, which concerned the number of regular sessions to be held by the Committees, reminded members that, by its decision 143 (XVI), the Board had established a system of consultations between the Secretary-General of UNCTAD and the representatives of the regional groups with a view to seeking their advice in order to enable him to determine any adjustments needed in the calendar of meetings, and had also decided that the rules of procedure of the Committees concerning the dates of their sessions should be interpreted in the light of that decision.

(k) RATIONALIZATION OF THE STRUCTURE OF THE PERMANENT MACHINERY OF UNCTAD (TD/B/622 and Corr.1)

29. Mrs. BRAVO-ACEVEDO (Mexico) said it was essential and urgent to make the permanent machinery of UNCTAD flexible, practical and modern, as a means of strengthening its functions and increasing its effectiveness to ensure the thorough preparation of meetings and substantial progress on the questions under discussion in the context of a rejuvenated United Nations system. The new machinery should be geared mainly to the establishment of the new international economic order.

30. The UNCTAD secretariat had submitted a number of proposals for the rationalization of the structure of the Committees and their subsidiary organs and for the improvement of systems of consultation and negotiation (TD/B/622) which should be studied in depth in conjunction with other proposals to be made at UNCTAD V. It would be for the Conference to draw up guidelines which would facilitate the task of rationalizing the Board.

31. Mr. ALULA (Ethiopia), speaking on behalf of the Group of 77, said that it had decided to study the question of the rationalization of the structure of the permanent machinery of UNCTAD on the basis of relevant UNCTAD secretariat documents, Board decision 143 (XVI), Conference resolution 90 (IV) and General Assembly resolution 32/197. He emphasized the importance of UNCTAD which, at the time of its establishment, had been the only General Assembly organ to study in detail the problems of the economic development of developing countries. UNCTAD had played a major role in questioning the principles governing economic relations among members of the international community.

32. Those principles, adopted at a time when most of the developing countries were not yet free and in the preparation of which those countries had not participated, were discriminatory and one-sided. For instance, the conventions on shipping, drawn up by the developed maritime nations, were meant to benefit only the shipowners and not the shippers, whence the difficulties encountered by the developing countries, which had to pay the insurance that was built into freight rates in addition to normal insurance premiums for their exports. UNCTAD's calling in question of principles considered unjust by the developing countries had led to the elaboration of new principles, such as the establishment of a new international economic order, the Charter of the Economic Rights and Duties of States, and other instruments. At the present time, because of its universal nature, UNCTAD was considered the appropriate organ to tackle the task of

restructuring the economic relations between rich and poor countries in order to make them more just and equitable.

33. The Group of 77, while accepting the idea that the study of that extremely important question should be deferred to UNCTAD V considered that, in order to facilitate agreement, it would be useful for the members of the Board to hold consultations, particularly on the ways in which UNCTAD could play a more dynamic and outward-looking role as a negotiating body of the General Assembly. He would submit a draft resolution to that effect.

34. The PRESIDENT suggested, without prejudice to the continuation of the consultations and work of members of the Board, that the Board should defer detailed consideration of the question to UNCTAD V.

35. It was so decided.

OTHER BUSINESS (agenda item 8):

(a) DECISIONS OF THE COMMITTEE ON WORK ON PLANTATIONS OF THE INTERNATIONAL LABOUR ORGANISATION (TD/B/L.505)

36. The PRESIDENT drew the Board's attention, at the request of the International Labour Organization (ILO), to ILO Conclusion No. 70 concerning housing, medical and welfare facilities and occupational safety and health on plantations, as well as to resolution 74 concerning international trade in plantation products and international prices. He proposed that the Council should take note of those documents.

37. It was so decided.

INTERDEPENDENCE OF PROBLEMS OF TRADE, DEVELOPMENT FINANCE AND THE INTERNATIONAL MONETARY SYSTEM (agenda item 2) (continued) (TD/B/712 and Add.1 and 2; UNCTAD/CA/168)

38. Mr. MATTHIAS (Federal Republic of Germany), speaking on behalf of Group B, said that it wished to emphasize one central point, namely, that the economic development of the planet was the shared responsibility of all countries. Group B was certainly one of the first to recognize and to welcome a plurality of economic and social structures. It therefore found the statements made by a number of Group D countries disturbing, for they asserted that the development of the less-developed world was not their responsibility because, according to them, the problems of development were caused by the policies of the market economy countries. That criticism fell strangely from the lips of Group D countries, when it was the countries of the open market system which provided the overwhelming share of official development assistance, allowed more access to their domestic markets than any Group D country, and provided convertible currencies which the less developed countries could use as they desired. By their attitude, the Group D countries were attempting to avoid their responsibilities for the development of the less developed world.

39. Regarding East-West relations, Group B had already stated in Sessional Committee II, under agenda item 5, that UNCTAD was not the appropriate forum to discuss those issues and had explained its position.

40. If UNCTAD V was to engage in a realistic and therefore effective debate on economic development and interdependence, it must try to focus on the ways in which all countries could work together to improve the world economic system and mobilize the resources needed to help the less developed and poorer countries. It was in that spirit that Group B hoped that all countries and groups of countries would approach the Conference and that the secretariat would prepare for it.

41. Mr. ZAPOTOCKY (Czechoslovakia), replying on behalf of the Group D countries to the representative of Group B, said that the position of the socialist countries had been explained innumerable times. However, from whatever viewpoint the problem was approached and whatever the elements considered - monetary system, trade negotiations, or the imperialism of multinational corporations - a search for the causes always led to the same group of countries, namely, the developed market economy countries.

42. The fact of not feeling responsible to the same degree as others for the difficulties of the modern world did not mean that the socialist countries refused to participate in efforts to resolve them. On the contrary, the history of UNCTAD showed that the Group D countries had always maintained a very constructive attitude in that respect. However they considered that the problems of the developing countries and relations between socialist and developed countries formed a whole and should not be disassociated, even though the problems of the developing countries should, of course be given priority.

43. Mr. CHUVAKHIN (Union of Soviet Socialist Republics) unreservedly endorsed the explanation given by the representative of Czechoslovakia. He found it difficult to understand the reasoning of the representative of Group B, who, on the one hand, spoke of interdependence and shared responsibilities, and on the other refused to touch upon the problems, albeit important, which were at present hampering East-West trade. If all trade, financial and monetary questions were interdependent, all their aspects must be tackled and attempts should not be made to disregard some of them.

44. Mr. MADYIKA (Patriotic Front), speaking at the invitation of the President, said that the Patriotic Front of Zimbabwe welcomed the invitation to participate in the work of the Board firstly because it was aware of the importance of trade and development for the well-being of people of all nations and for the maintenance of peace and security, which was the principal object of the United Nations. Indeed the United Nations was an important ally of the liberation movement and, if it attained its objectives, would be better able to assist those movements in their struggle.

45. Secondly, the Patriotic Front, which was fighting an illegal régime, knew that trade was an important weapon that supplemented armed struggle. It did not, however, believe that trade sanctions of themselves would end the colonial occupation, because the foreign settler régime was only an extension in a new form of the

vested interests of imperialist countries, and because Southern Rhodesia, for example, had received millions of dollars for its illegal exports of chrome to the United States, which had used to buy weapons from the NATO countries.

46. Thirdly, the Patriotic Front knew that the days of the illegal régime were numbered and that Zimbabwe, under the leadership of the Front, would soon be able to take its rightful place among the nations of the world. Zimbabwe would then need the assistance of the United Nations and all friendly countries to reconstruct its economy. The rules of international trade which UNCTAD was trying to define would play a decisive rôle in that reconstruction. The Patriotic Front therefore hoped to demonstrate, by its participation, the importance it attached to international trade in the development of nations.